## **2021 Budget Review**

**December 2020** 

## Summary

- The Board Resolution provides approval for budget year 2021 and two planning years

			"santee cooper
e Board Resolution	n provides approval f	or budget year 2021 a	nd two planning years
A 2021 combined of \$797,683,000	d total of the two bud  Of for the Electric and	dget components (No Water Systems	nd two planning years n-fuel O&M and Capita  Combined Systems  \$484,210  313,473  \$797,683
	Electric System	Water System	Combined Systems
		(All amounts in \$ 000s)	
Non-Fuel O&M	\$478,334	\$5,876	\$484,210
Capital	307,139	6,334	313,473
	\$785,473	\$12,210	\$797,683

1% of projected operating revenues from the combined Electric and Water Systems SIO NIIDZD021333EE-Pagge22

- Load Forecast. Demand and energy requirements are based on the Load forecast (LF20-01) dated May 2020. This forecast incorporates impacts of COVID-19 on the Authority's territorial load of approximately 4% in 2021 with the effects gradually improving through 2024. The forecast also incorporates reduced sales after 2022 due to discontinued service to a large industrial customer.
- Interest Rates. Tax-exempt (MMD) rates, Treasury rates, and interest rate spreads are the same as used in the Reform Plan completed in 2019. These benchmark rates are higher than current rates. The 10-year call provisions available for Santee Cooper's new and existing tax-exempt debt are assumed to be exercised when economical.
- Fuel Projections. 2021 Budget assumptions based on NYMEX Henry Hub gas curve and delivered coal projections based on current contracts as well as uncommitted coal estimates.

	Benchmark Inte	erest Rates
	Taxable UST	Tax-Exempt MMD
10-Year	1.92%	1.52%
30-Year	2.40%	2.13%

Fue	el			
	<u>2020</u>	<u>2021</u>	<u>2022</u>	
Delivered Coal Price \$/Ton	64.44	60.67	61.53	
Henry Hub Gas Price \$/MMBtu	2.74	2.60	2.53	

# Electric System Revenue Requirements (\$000's)

**Budget Year** 

Fuel/Purchase Power
Debt Service
Non-Fuel O&M
CIFR, Pmt to State, Sums in Lieu & Working Capital
Total
¢/kWh
GWh sales

	Buuget 16	ai							
	2021			2022			20	)23	
Ī	\$ 602,681	35.7%		\$ 588,730	35.6%	,	\$ 557,0	14	33.2%
	417,269	24.8%		457,340	27.7%		480,7	39	28.7%
	478,331	28.4%		436,571	26.4%		466,3	353	27.8%
	187,248	11.1%		169,552	10.3%		171,3	49	10.2%
	\$ 1,685,528	100.0%	_	\$1,652,193	100.0%	;	\$ 1,675,4	55	100.0%
	7.205			6.835			7.14	45	
	23,395			24,173			23,4	49	

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# Changes to Revenue Requirements 2021 Budget vs. 2020 Budget

Revenue Requirements	CY2021	CY2020	Comparison 2021 vs. 2020
Fuel	\$482,908	\$475,712	\$7,196
Purchase Power	119,773	196,880	(77,107)
Debt Service	417,269	456,650	(39,381)
NFOM			
Payroll	189,825	192,090	(2,265)
Other	218,942	184,108	34,834
Summer Nuclear	69,564	64,747	4,817
Total	478,331	440,945	37,386
CIFR, Pmt to State, Sums in Lieu & Working Capital	187,248	178,710	8,538
Total	\$1,685,528	\$1,748,898	(\$63,369)
¢/kWh	7.205	7.221	(0.017)
GWh sales	23,395	24,218	(823)

<sup>1)</sup> Other includes contract services, materials, insurance, employee development, fleet equipment, leases and rentals, etc.

# Electric System - Earnings Statement santee cooper

Electric System - Earnings Statement santee coope (\$000's)						
	2021	2022	2023			
Total Operating Revenues	1,681,242	1,698,573	I,674,745			
Total Operating Expenses	1,338,633	1,288,558	1,291,76			
Net Operating Income	342,609	410,015	382,977			
Other Income/(Expenses)	76,790	(8,224)	(90,852g			
Total Interest Charges	305,905	298,182	290,035			
Cost To Be Recovered From Future Rates	9,746	681	(60,983)			
Reinvested Earnings	123,240	104,290	(58,893)			
Payment To State	16,812	16,986	16,747			
Net Reinvested Earnings	106,428	87,304	(75,640)			

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# Water System

# Combined Water Systems Cost of Water (¢/TGal)



Total Cost Tgal Sales	<u>2021</u> \$9,665 8,057,609	<u>2022</u> \$10,378 8,088,410	<u>2023</u> \$10,521 8,471,160
140 120 100 80 80 60 40 20	119.95	128.31	124.20
Total Costs (\$000s)	2021	2022	2023
O&M	\$5,876	\$6,514	\$6,632
Debt Service	2,831	2,842	2,860
Other <sup>I</sup>	958	1,022	1,029
Total Costs	\$9,665	\$10,378	\$10,521

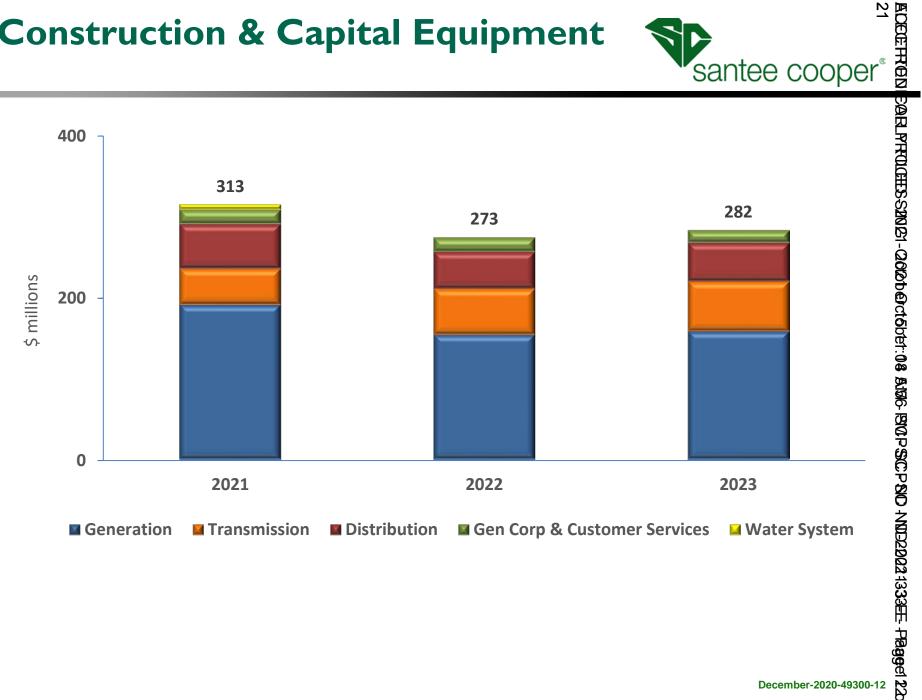
<sup>1)</sup> Includes CIFR, payment to state, and sums in lieu.

## Water Earnings Statement (\$000's)

	2021	2022	2023	
Total Operating Revenue	\$ 9,882	\$ 10,611	\$ 10,680	
Total Operating Expenses	7,523	8,170	8,292	
Net Operating Income	2,359	2,441	2,388	
Total Other Income	20	29	38	
Total Interest Charges	488	451	413	
Costs to be Recovered from Future Rates		1,077	1,102	
Reinvested Earnings	2,938	3,096	3,115	
Payment to State	106	106	107	
Net Reinvested Earnings	\$ 2,832	\$ 2,990	\$ 3,008	

# Combined Systems - Capital Budget

## **Construction & Capital Equipment**



# **Construction & Capital Equipment** (\$000's)



			<u> </u>
	2021	2022	2023
Electric System			Ē
Environmental Compliance Projects	\$49,821	\$58,989	\$58,81 <b>£</b>
FERC Capital	2,375	1,275	1,058
Future Generation	18,660	15,000	25,765
Marion-Conway 230kv Line	887	23,042	14,608€
AMI Meters	14,164	129	
S ub-Tota I	\$49,821 \$58,989 \$ 2,375	<u> 100,36 ලි</u>	
General Construction & Capital Equipment			et:08 &
Generation	\$119,347	\$78,306	\$71,90
Transmission	43,627	33,444	46,927
Distribution	40,607	45,361	47,49 ក្ត្រី
General Comorate & Customer Service	17,653	17,362	<u> 15,14 👸</u>
Total Electric System	307,140	272,908	<u>281,826</u>
Water System	6,334	432	2450 2450 2450 2450
Combined Systems	\$313,474	\$273,340	\$282,07ట్



	2021	2022	2023
Internal Funds	\$ 108,941	\$ 151,572	\$ 148,657
External Funds (I)	204,533	121,768	133,414
Total Capital Expenditures	\$ 313,474	\$ 273,340	\$ 282,071

<sup>(</sup>I) Includes Short Term debt borrowings, Long Term debt borrowings, and \$6M in year 2021 for Water Expansion cost that is funded with contribution in aid.

# Combined System – Projected Financial Metrics



		2021	2022	2023
Debt Service Coverage				
	Funds Available for DS (\$ millions)	\$584	\$658	<b>2023</b> \$636
	Debt Service (\$ millions) (1)	\$420	\$460	\$484
	DSC	1.38	1.42	1.31
Leverage				
	Debt Outstanding (\$ billions)	\$6.6	\$6.6	\$6.2
	Debt-to-capitalization	75%	74%	74%
Liquidity				
	Unrestricted cash (\$ millions)	\$444	\$335	\$326
	Days Cash on Hand	148	118	115
(1) Debt service excludes defeasances and	debt service not received through rates			

#### **Board Resolution**

- The Board of Directors approves and authorizes the Calendar Year 2021 Budget and approves for planning purposes the Calendar Years 2022 and 2023 Budgets.
- The Board of Directors authorizes the Authority to execute transfers from the Revenue Fund during Calendar Year 2021 as required by the Authority's bond resolutions.
- EVARLIPHOUGHES SZINZII-2002 DED C15 DET: 08 BUSIG BYOLP SIC PSIO NIUD 2021 1333 HE. PROGET 60: The Board of Directors directs and authorizes the Authority's management to pursue the most cost-effective and efficient means for financing the Financed Costs while complying with the requirements of the Cook Settlement and Act 135.

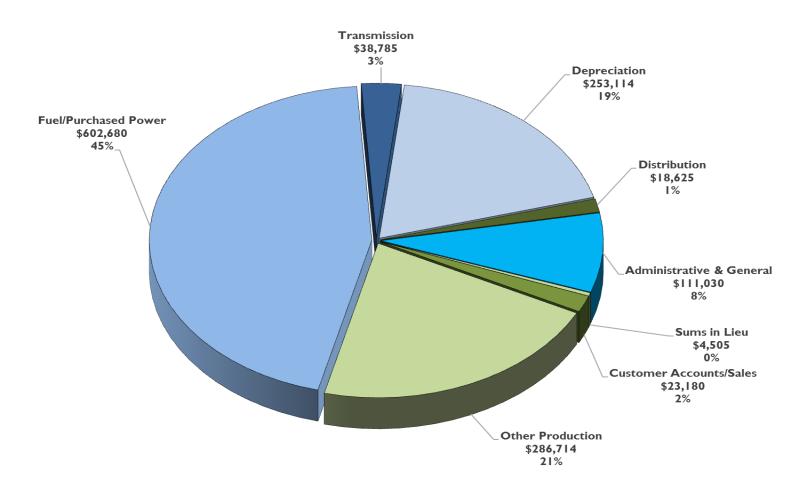
# **Appendix**

## **2021 Electric Operating Expenses**

(\$000's)



#### **Total Budgeted Operating Expenses = \$1,338,633**



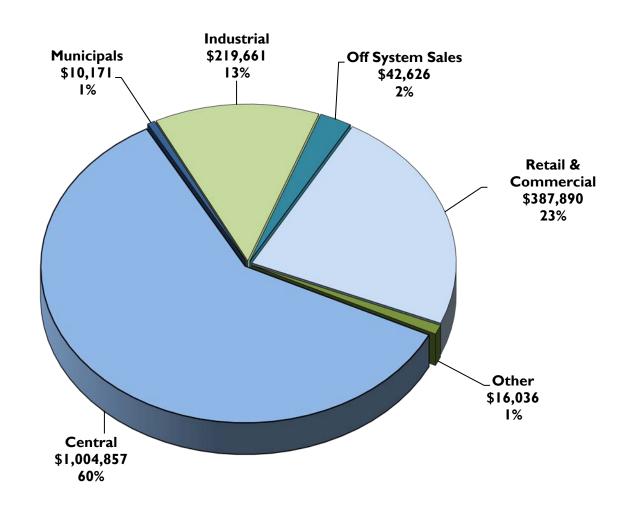
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## **2021 Electric Operating Revenues**

(\$000's)



#### **Total Budgeted Operating Revenues = \$1,681,242**



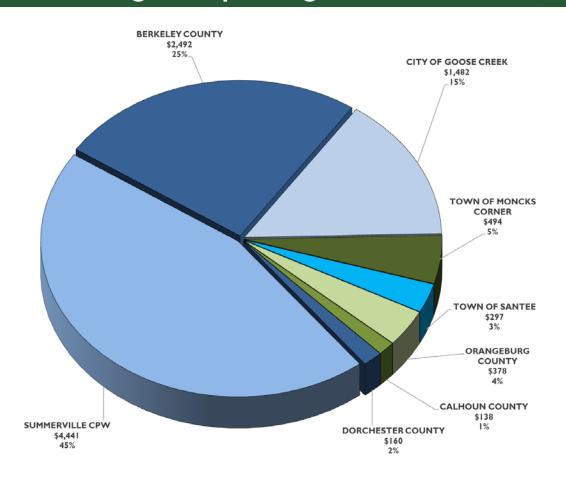
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## **2021 Water Operating Revenues**

(\$000's)



#### **Total Budgeted Operating Revenues = \$9,882**



### **2021 Water Operating Expenses**

(\$000's)

# santee cooper®

#### **Total Budgeted Operating Expenses = \$7,523**

